

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION

Financial Report

For the Year Ended June 30, 2012



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NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION

Financial Report

For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Nicholls State University Alumni Federation

We have audited the accompanying statement of assets and net assets – modified cash basis of the Nicholls State University Alumni Federation (a nonprofit organization) as of June 30, 2012, and the related statement of revenue, expenses and other changes in net assets – modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of the Nicholls State University Alumni Federation as of June 30, 2012, and its revenue, expenses and other changes in its net assets during the year then ended, on the basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying graphs, listed as supplemental information in the table of contents, are presented for purposes of additional analysis and are not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements referred to above. In our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of the Nicholls State University Alumni Federation and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "T.S. Kearns & Co.", written in dark ink.

October 16, 2012

Nicholls State Univeristy Alumni Federation
Statement of Assets and Net Assets
- Modified Cash Basis
June 30, 2012

ASSETS**CURRENT ASSETS**

Cash & cash equivalents	\$ 359,839.36
Cash & cash equivalents - designated	40,154.82
	<hr/>
Total Current Assets	\$ 399,994.18
	<hr/>

NON-CURRENT ASSETS

Furniture, equipment, & improvements, net of accumulated depreciation	\$ 3,445.04
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Total Non-Current Assets	

TOTAL ASSETS	\$ 403,439.22
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NET ASSETS

Unrestricted:	
Undesignated	\$ 325,526.77
Designated (note 4)	77,912.45
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Total Net Assets	\$ 403,439.22
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TOTAL NET ASSETS	\$ 403,439.22
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See accompanying notes and accountant's report.

Nicholls State Univeristy Alumni Federation
Statement of Revenue, Expenses and Other
Changes in Net Assets - Modified Cash Basis
June 30, 2012

REVENUES

Member dues and donations	\$	70,881.19
Homecoming		45,132.71
Annual business meeting		6,300.00
Commssions		2,426.24
Donated services		174,081.65
Donated occupancy		11,000.00
Student assessments		15,746.72
Interest		1,668.06
Miscellaneous		463.59
		<hr/>
Total revenue & other support	\$	327,700.16

EXPENSES**PROGRAM SERVICES**

Director - travel	\$	2,478.96
Salaries		174,081.65
Public relations & goodwill		13,533.11
Promotional expenditures		744.64
Scholarships - Cliff Gresham		800.00
Scholarships - Alumni		5,600.00
Scholarships - Top scholar		1,600.00
Student activities		2,095.51
Homecoming		25,208.45
Annual business meeting		7,736.56
Annual meeting awards		3,476.12
Printing - Colonel		6,585.03
Postage - Colonel		1,178.18
Coffee & refreshments		1,801.79
Donations - campus organizations		3,213.10
Dues & subscriptions		1,265.00
		<hr/>
Total program services	\$	251,398.10

See accompanying notes and accountant's report

Nicholls State Univeristy Alumni Federation
Statement of Revenue, Expenses and Other
Changes in Net Assets - Modified Cash Basis
June 30, 2012

SUPPORTING SERVICES**GENERAL & ADMINISTRATIVE**

Office supplies & maintenance	\$ 1,376.92
Alumni house supplies & maintenance	1,362.57
Telephone	110.23
Professional fees	2,807.00
Equipment expense	2,052.10
Insurance	7,177.30
Bank & VISA fees	1,732.37
Miscellaneous	755.60
Depreciation	583.00
Occupancy expenses	<u>11,000.00</u>

MEMBERSHIP DEVELOPMENT

Printing & postage - Dues	<u>16,702.45</u>
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Total supporting services	\$ <u>45,659.54</u>
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Total expenses	\$ <u>297,057.64</u>
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Change in net assets	\$ 30,642.52
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NET ASSETS AT JUNE 30, 2011	\$ <u>372,796.70</u>
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NET ASSETS AT JUNE 30, 2012	\$ <u><u>403,439.22</u></u>
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See accompanying notes and accountant's report

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of organization:

The Nicholls State University Alumni Federation (the Alumni Federation) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 and is duly inscribed in Book of Charters and Articles of Incorporation No. 4, Page 539, Entry No. 185698. Its object and purpose is to foster, protect, and promote the welfare of Nicholls State University and its alumni.

The significant accounting policies are as follows:

Basis of accounting:

The Alumni Federation's policy is to prepare its financial statements on the modified cash basis of accounting. Using this basis, revenues and other support are recognized when collected rather than when earned or receivable, and expenses are recognized when paid rather than when incurred. Consequently, the financial statements do not include revenue receivable, amounts due vendors, prepaid expenses, nor liabilities for accrued expenses. The statements are considered modified from the pure cash basis of accounting because of the Organization's policy to capitalize depreciable assets as well as to report donated facilities and services.

Method of accounting:

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", the Alumni Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and Permanently restricted. Because the financial statements are presented on the cash basis of accounting, the Alumni Federation is not required to present a statement of cash flows.

Contributions:

The Alumni Federation records contributions when they are received.

Furniture, equipment, & improvements:

Furniture, equipment, & improvements are carried at historical cost. Donated assets are valued at estimated market value at the time of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Assets costing more than \$1,000 are capitalized.

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Income tax status:

No provision has been made for income taxes in the financial statements. The Alumni Federation is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. This code section enables the Organization to accept donations, which qualify as charitable contributions to the donor.

Use of estimates:

The preparation of financial statements on the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses:

Expenses are charged directly to program services, general and administrative, or membership development categories based on specific identification. There are no indirect expenses to be allocated.

NOTE 2. CASH AND CASH EQUIVALENTS

In addition to bank accounts, this classification includes all short-term investments such as savings accounts, certificates of deposit maturing in one year or less, and money market accounts. These investments are stated at cost which approximate market.

A schedule of cash and cash equivalents (book balances) follows:

Capital One Bank

Capital One Checking - general (interest bearing)	19,827
Capital One Checking - student (interest bearing)	23,829
Capital One Tower High Int Sav (interest bearing)	42,350
Certificates of Deposits	108,661

Synergy Bank

Synergy Bank Checking (interest bearing_	10,961
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Whitney Bank

Whitney Bank - S Knobloch (interest bearing)	6,540
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Regions Bank

Regions Bank - Colonel's Cab (interest bearing)	719
Certificate of Deposit - Student Assessment	16,326

Iberville Bank

Certificate of Deposit	65,323
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NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Midsouth Bank

Certificate of Deposit	105,007
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Paypal

Paypal account	456
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\$399,998.18

These deposits are stated at cost, which approximates market.

Statement of Financial Accounting Standards No. 105 identifies deposits maintained at financial institutions in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. At June 30, 2012, the Alumni had \$400,171 in deposits (collected bank balance). All of which are secured from risk by FDIC federal deposit insurance. There are no securities pledged on these accounts by the fiscal agent bank.

The cash & cash equivalents - designated amount is made up of the student assessment checking account, the Regions CD and the S. Knobloch account. Further description for these designations can be found in Note 4.

NOTE 3. FURNITURE, EQUIPMENT, & IMPROVEMENTS

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at cost. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Building improvements	10-40 years
Equipment	5-15 years
Vehicles	5-15 years

Furniture, equipment and improvements consist of the following:

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Furniture & Fixtures	\$ 16,818.87	\$ 1,771.50	\$ (7,837.00)	\$ 10,753.37
Equipment	6,134.57		-	6,134.57
Leasehold Improvements	30,218.03	-	-	30,218.03
	53,171.47	-	(7,837.00)	47,105.97
Less: Accumulated Depreciation	(50,914.93)	(583.00)	7,837.00	(43,660.93)
Totals	<u>\$ 2,256.54</u>	<u>\$ (583.00)</u>	<u>\$ -</u>	<u>\$ 3,445.04</u>

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

During the year, no assets were purchased. The federation removed \$7,837 of assets that are no longer in service. All of these assets were fully depreciated.

NOTE 4. UNRESTRICTED NET ASSETS DESIGNATED FOR A SPECIFIC PURPOSE

Net assets include \$77,912 in restricted assets, which have been designated by the board for a specific purpose. These assets have been obtained through student self assessment, and by donors, and are to be used exclusively for scholarships and student activities.

NOTE 5. MEMBERSHIP DUES

The Alumni Federation charges dues to be a member of the federation. Dues are determined by the various levels of membership. These levels of membership are: single dues (\$25), dues for a married couple (\$40), dues for a recent graduate (\$15), and colonel cabinet. To be a member of the Colonel Cabinet, members have to pay \$50 in addition to their regular membership dues.

NOTE 6. STUDENT ASSESSMENTS

The Alumni Federation receives student assessment revenue from Nicholls State University. The Alumni Federation's board has designated these funds for activities that will benefit the student body such as scholarships and other activities that the Alumni Federation sponsors on campus.

NOTE 7. PROGRAM SERVICES

The Alumni Federation provides program services that benefit both its alumni and current Nicholls State University students. The major program services of the Alumni Federation is to foster, protect, and promote the welfare of Nicholls State University, to establish a mutually beneficial relationship between the University and its Alumni. The Alumni Federations major focus is on scholarships, homecoming activities, and annual business meeting.

The Alumni Federation awards scholarships to current Nicholls State University students. The funds for these scholarships come from donors requesting scholarships named for a specific person as well as from general funds.

Homecoming activities are centered on the Nicholls State University's homecoming football game. Some of the activities that the Alumni Federation provides are the homecoming golf tournament, tennis tournament, buffet, and selling t-shirts. To participate in these activities, participants are charged fees to help offset the costs.

The Alumni Federation also provides for an annual business meeting. This meeting is centered around a "crawfish boil" and its board of directors is chosen. The Alumni Federation sells tickets to attend this meeting to help offset the costs.

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 8. DONATED SERVICES AND FACILITIES

The Alumni Federation receives donated services from Nicholls State University in the form of a full-time executive director, assistant director, and secretary. Nicholls State University has estimated the approximate cost of providing the donated services to be \$174,082 and it is included in contributions and expenses in the statement of support, revenue, and expenses and changes in net assets.

The Alumni Federation also occupies office space on the campus of Nicholls State University. The University does not charge the Alumni Federation for this space. Nicholls State University has estimated the approximate fair value of the annual rental and related utilities to be \$11,000 and it is included in contributions and expenses in the statement of support, revenue, and expenses and changes in net assets.

NOTE 9. RISK MANAGEMENT

The Alumni Federation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Alumni Federation has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Alumni Federation's insurance coverage.

NOTE 10. ECONOMIC DEPENDENCY

The Nicholls State University Alumni Federation operates out of the Alumni House, which is owned by Nicholls State University. The University allows the Federation to occupy this building rent-free. Nicholls State University also covers the salary of the director, assistant director, and secretary of the Federation. If these expenses were not provided, the Federation would not be able to continue its operations long-term.

NOTE 11. SUBSEQUENT EVENTS

The subsequent events of the federation were evaluated through the date of the financial statements were available to be issued (October 16, 2012).

As of July 1, 2012, Nicholls State University will no longer provide 100% of the salaries for Alumni Federation personnel. The University agreed to provide 50% of the cost of those salaries with the Alumni Federation responsible for the remainder. Beginning July 1, 2013, the Alumni will be responsible 100% of the salaries for its personnel. The Federation's board is currently looking for ways to offset this large, unexpected increase in operating expense.

NOTE 12. LITIGATION AND CLAIMS

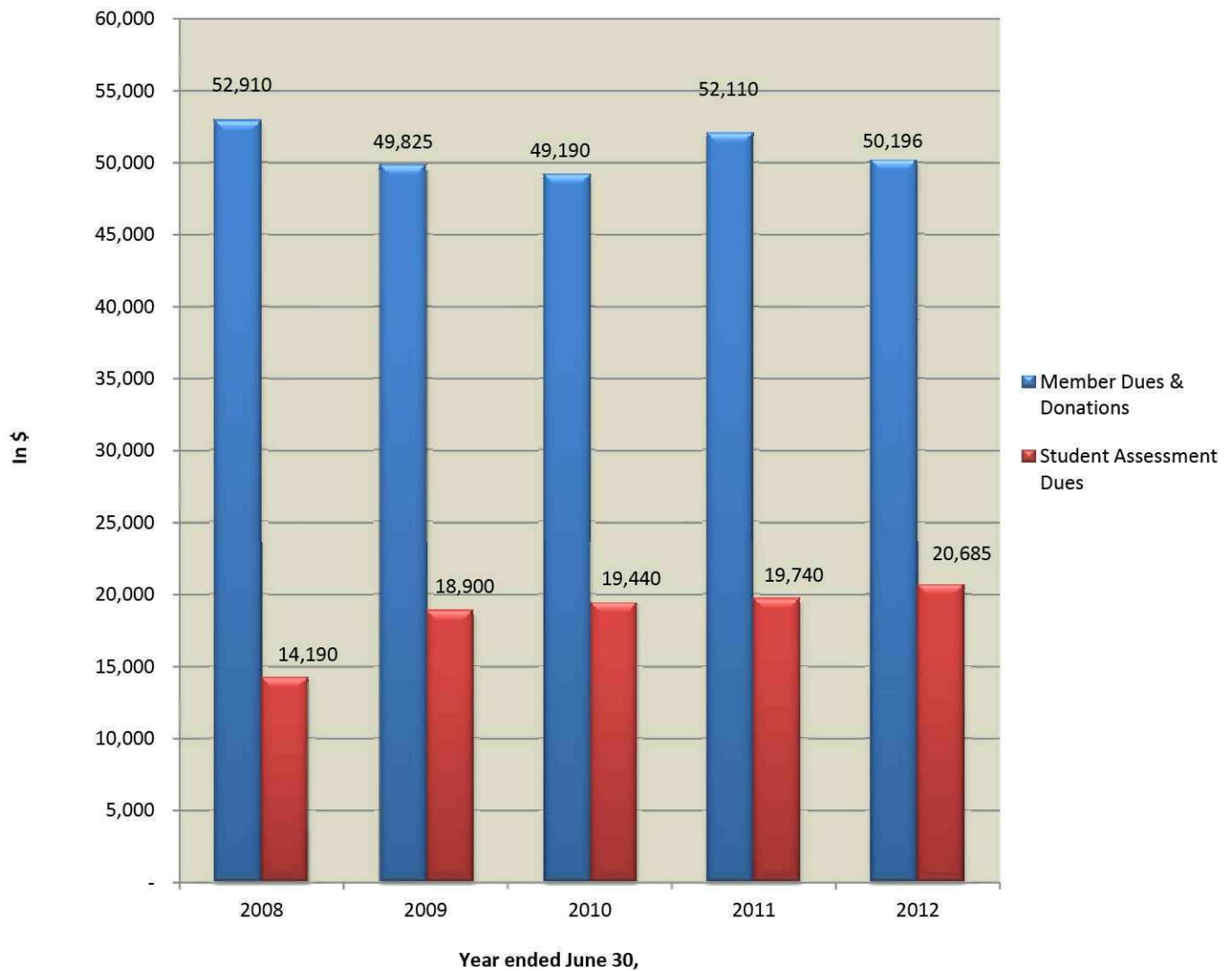
At June 30, 2012, the Alumni Federation had no litigation or claims pending.

SUPPLEMENTAL INFORMATION

Graphs

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION Dues & Donations Revenue Comparison

For the Year Ended June 30, 2012
With Comparative Totals for the Years Ended June 30, 2008, 2009, 2010, 2011 and 2012

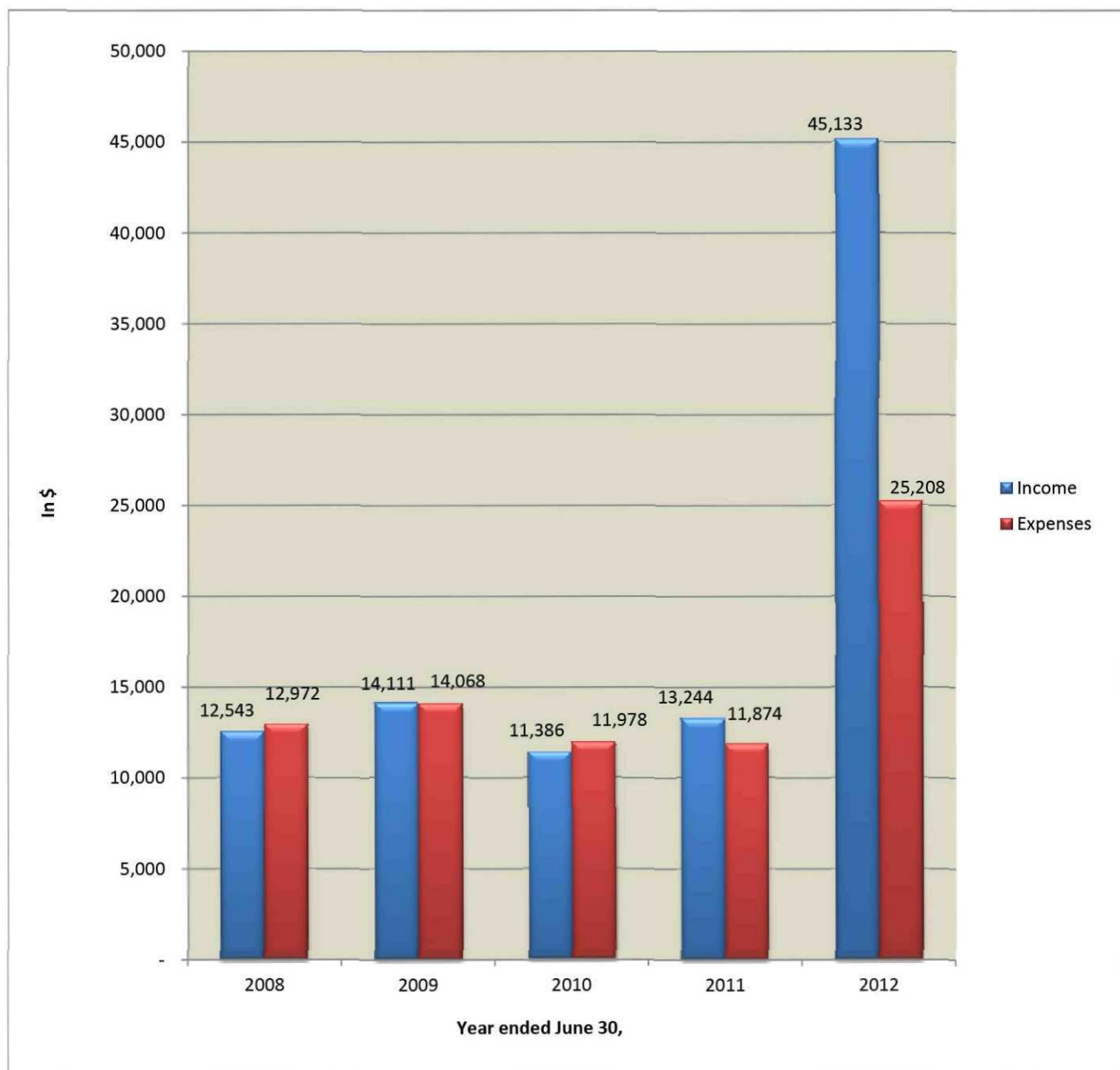


See accountant's report.

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION

Homecoming Income & Expense Comparison

For the Year Ended June 30, 2012
With Comparative Totals for the Years Ended June 30, 2008, 2009, 2010, 2011 and 2012



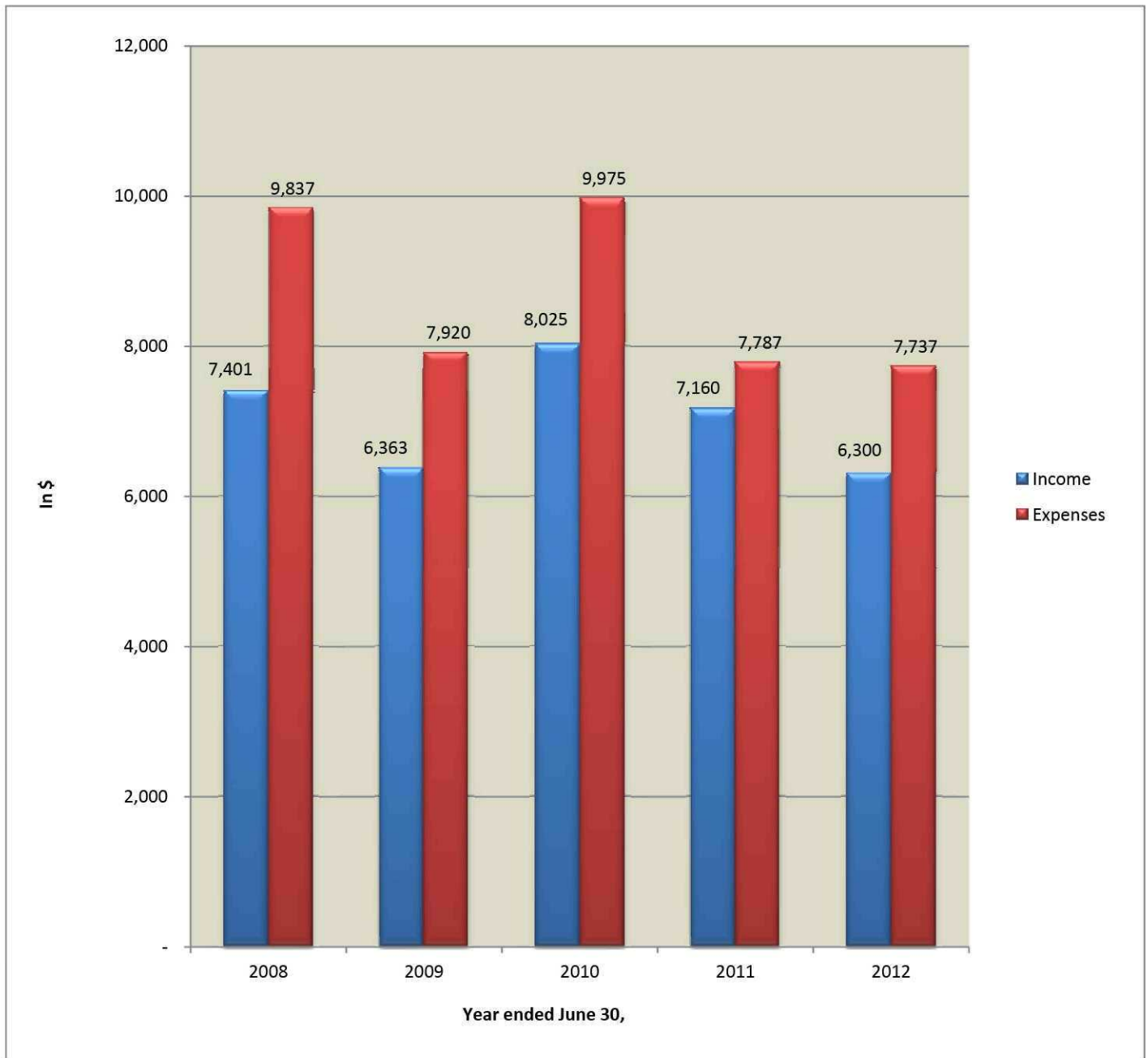
See accountant's report.

NICHOLLS STATE UNIVERSITY ALUMNI FEDERATION

Annual Business Meeting Income & Expense Comparison

For the Year Ended June 30, 2012

With Comparative Totals for the Years Ended June 30, 2008, 2009, 2010, 2011 and 2012



See accountant's report.

MANAGEMENT LETTER

MANAGEMENT LETTER

Board of Directors
Nicholls State University Alumni Federation

In planning and performing our audit of the financial statements of Nicholls State University Alumni Federation (the Alumni Federation) for the year ended June 30, 2012 we considered the Alumni Federation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of one matter that is an opportunity for strengthening operating efficiency. This letter does not affect our report dated October 16, 2012, on the financial statements of the Alumni Federation.

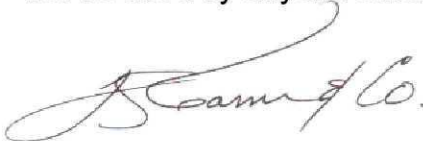
Failure to Include PayPal Account in General Ledger

During the course of our audit, we discovered that in the current fiscal year, the Alumni Federation began use of a PayPal account. The purpose of this account is to allow current Alumni the ability to pay membership dues online. However, the account and its transactions are not being reported in the client's QuickBooks accounting system. The dues income would be posted when transfers from PayPal were made to the checking account; however, the account itself, and its balance at year end were not included in the accounting records.

We recommend that the client records the account and all of its activity in the same manner as other cash accounts, including reconciliation on a monthly basis. Management agrees with the suggestions presented here and will work towards implementing these recommendations.

We wish to thank the Alumni Federation for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



October 16, 2012